

**STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER**

In the Matter of

TANNER, MICHAEL C.,

Licensee.

Order No. 15-0128

WAOIC No. 242615

NPN 8507592

**CONSENT ORDER LEVYING
A FINE**

This Consent Order Levying a Fine ("Order") is entered into by the Insurance Commissioner of the state of Washington ("Insurance Commissioner"), acting pursuant to the authority set forth in RCW 48.02.060, RCW 48.17.530 and RCW 48.17.560 and Licensee Michael C. Tanner. This Order is a public record and will be disseminated pursuant to Title 48 RCW and the Insurance Commissioner's policies and procedures.

BASIS:

1. Michael C. Tanner ("the Licensee") is a resident insurance producer licensed to do business in the state of Washington and has been licensed in Washington State since June 2005. Currently, Licensee has no active affiliations or appointments and his producer license was cancelled on October 23, 2014.

2. Prior to cancellation, Licensee held twelve appointments and one affiliation, among which was an appointment with New York Life Insurance Company ("NYLIC") which cancelled on October 2, 2013. On September 30, 2013, just prior to the cancellation of his NYLIC appointment, Licensee became appointed with Penn Mutual Life Insurance Company ("PMI"). That appointment was cancelled on February 24, 2014.

3. In 2006 Licensee issued a two million dollar NYLIC life insurance policy to a consumer. In early 2012, the consumer committed suicide. Within a week of the consumer's death, Licensee met with his widow and presented her with a New York Life program that

involved putting \$1.5 million from the death benefit into an annuity, and the remaining \$500,000 in an investment account.

4. In September 2013, Licensee again contacted the consumer's widow to let her know he was leaving NYLIC and going to PMI. The widow agreed to surrender her NYLIC annuity and deposit the money with PMI.

5. When Licensee replaced the NYLIC annuity with the PMI annuity, he failed to submit replacement forms, including a 1035 Exchange form. On a Producers Certification form, Licensee placed an xx in the box next to the statement "This contract is not replacing an existing life insurance policy or annuity contract." Licensee also had the widow sign the blank surrender and application blank forms that he later filled in.

6. RCW 48.17.530(1)(e) and (h) allow the Insurance Commissioner to place on probation, suspend, revoke, or refuse to issue or renew an insurance producer's license for intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance or for demonstrating incompetence, untrustworthiness. By placing an xx in the box next to the statement "This contract is not replacing an existing life insurance policy or annuity contract on a Producers Certification form" and by having the widow sign the blank surrender and application blank forms that he later filled in, the Licensee violated RCW 48.17.530(1)(e) and (h) justifying the imposition of a fine.

7. WAC 284-23-440(2) Where a replacement is involved, the insurance producer shall:

(a) Present to the applicant, not later than at the time of taking the application, a completed notice regarding replacement in the form as described in WAC 284-23-485, or other substantially similar form approved by the commissioner. Answers must be succinct and in simple nontechnical language. They should fairly and adequately highlight the points raised by the questions, without overwhelming the applicant with verbiage and data. An answer may include a reference to the contract or another source, but it must be essentially complete without the reference. The notice (and a copy) shall be signed by the applicant after it has been completed and signed by the insurance producer and the signed original shall be left with the applicant.

(c) Leave with the applicant the original or a copy of written or printed communications used for presentation to the applicant.

(d) Submit to the replacing insurer with the application, a copy of the replacement notice provided pursuant to WAC 284-23-440 (2)(a).

By failing to submit replacement forms, including a 1035 Exchange form, Licensee violated WAC 284-23-440(2)(a), (c), and (d).

CONSENT TO ORDER:

The Insurance Commissioner of the state of Washington and the Licensee agree that the best interest of the public will be served by entering into this Order. NOW, THEREFORE, the Licensee consents to the following in consideration of his or her desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle this matter in consideration of the Licensee's payment of a fine, and upon such terms and conditions as are set forth below:

1. The Licensee acknowledges his duty to comply fully with the applicable laws of the state of Washington.

2. The Licensee consents to the entry of this Order, waives any and all hearing or other procedural rights, and further administrative or judicial challenges to this Order.

3. By agreement of the parties, the Insurance Commissioner will impose a fine of \$1,000.00 (One Thousand Dollars).

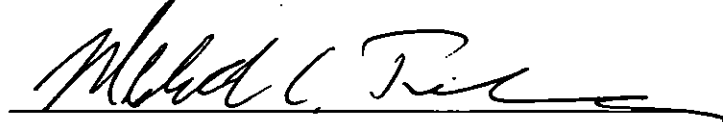
4. The Licensee understands and agrees that any further failure to comply with the statutes and/or regulations that are the subject of this Order constitutes grounds for further penalties, which may be imposed in direct response to further violations.

5. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Licensee. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issue or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

EXECUTED this 21st day of July, 2015.

MICHAEL C. TANNER

Signature:



AGREED ORDER:

Pursuant to the foregoing factual Basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

1. The Licensee shall pay a fine in the amount of \$1,000.00 (One Thousand Dollars), receipt of which is hereby acknowledged by the Insurance Commissioner.
2. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Licensee. However, the facts of this Order, and any provision, finding or conclusion contained herein does not, and is not intended to, determine any factual or legal issue or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

ENTERED at Tumwater, Washington, this 28th day of July, 2015.



MIKE KREIDLER
Insurance Commissioner

By and through his designee



Charles Brown
Insurance Enforcement Specialist
Legal Affairs Division